97-84008-8

Thompson, Slason

Postal express vs. parcels post

[Chicago]

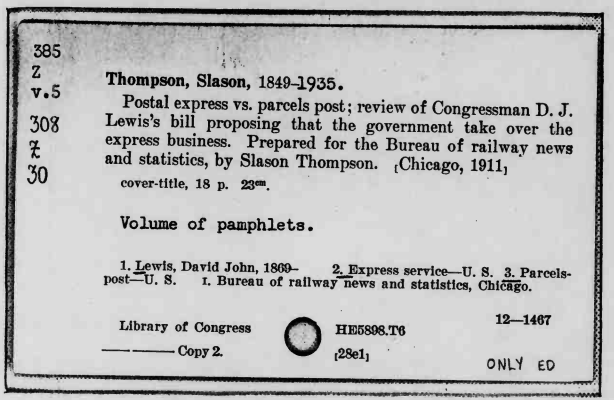
[1911]

91-8008.8
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



385
Z
v.5
308
T
30

Thompson, Slason, 1849-1935.

Postal express vs. parcels post; review of Congressman D. J. Lewis's bill proposing that the government take over the express business. Prepared for the Bureau of railway news and statistics, by Slason Thompson. [Chicago, 1911]

cover-title, 18 p. 23cm.

Volume of pamphlets.

1. Lewis, David John, 1869- 2. Express service—U. S. 3. Parcels-post—U. S. I. Bureau of railway news and statistics, Chicago.

Library of Congress — Copy 2. HE5898.T6 [28e1] 12—1467

ONLY ED

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35 MM **REDUCTION RATIO:** 11:1 **IMAGE PLACEMENT:** IA (IIA) IB IIB

DATE FILMED: 1/17/97 **INITIALS:** AR

TRACKING # : 20528

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

308
Z
Box 30

POSTAL EXPRESS

VS.

PARCELS POST

REVIEW OF CONGRESSMAN D. J. LEWIS'S BILL PROPOSING THAT THE GOVERNMENT TAKE OVER THE EXPRESS BUSINESS.

PREPARED FOR THE
BUREAU OF RAILWAY NEWS AND STATISTICS
by
SLASON THOMPSON

25 Feb 1916 [illegible]

POSTAL EXPRESS
VS.
PARCELS POST

If one believed in government ownership and operation of all transportation utilities, as I most assuredly do not, the acquisition of the general express business in the United States would seem to present the least favorable field for experiment. And yet this is the substitute for parcels post legislation which Congressman Lewis of Maryland has proposed with a light heart and a cheerful disregard of conditions to the subcommittee of the House Committee on the Post Office and Post Roads. (*a*)

Before Mr. Lewis submitted his solution of the parcels and express problem, Congressman Sulzer, the father of two parcels post bills, based his advocacy of them upon the alleged theory—he calls it a law—promulgated by Sir Rowland Hill in England that "once transportation service is in operation the cost of its use is regardless of the distance travelled upon the moving machinery by the unit of traffic whatever its capacity." As Mr. Sulzer put it, "The idea of charging higher postage on a letter or a parcel on account of the greater distance it travels is an absurdity."

SIR ROWLAND HILL MISQUOTED

It is passing strange that Mr. Sulzer should accept any such theory as tenable except within the narrowest limits. Sir Rowland Hill cherished no such delusion. What he did demonstrate was that "the principal expense of LETTER carriage was in receiving and distributing, and that the cost

(*a*) See bill providing for the condemnation and purchase of the franchises, etc., of the express companies of the United States and the establishment of postal express. Appendix A, page 15. The text of Mr. Lewis's speech can be found in the Congressional Record No. 49, Vol. 47, Sixty-second Congress, First Session, June 8, 1911, beginning on page 1836.

of conveyance differed so little with the distance that a uniform rate of postage was the fairest that could be adopted."

This was true of letter carriage in 1835, when Sir Rowland recommended a letter rate of one penny (two cents) per half ounce, and is measurably true in the United States to-day, where our rate is two cents per ounce. The reason for this is that the rate is so unnecessarily high per unit that, when multiplied by weight alone, it is more than sufficient to absorb the cost of conveyance. (*a*)

According to the last report of the Post Office department, first class mail matter averages 45 pieces to the pound. The two cent rate would therefore yield ninety cents per pound and $1,800 per ton, or enough to carry a ton of letters ten times around the earth at the average freight ton mile rate in the United States!

No such economic law as that attributed to Sir Rowland Hill is demonstrable, and its impracticability when applied to parcels and passengers has been demonstrated in the experience of every country in postal affairs and in every community where the five cent street car fare has been worked to the limit. In Sir Rowland's native Birmingham the municipal authorities reject Mr. Sulzer's interpretation of his theory by charging fares running from a half penny up to six pence and more according to distance.

The practicability of the parcels post for the United States as advocated by Mr. Sulzer all depends on how far the American people are prepared to tax the letter-writing public to pay the freight on second, third and fourth class matter. At present these three classes constitute 80% of the weight of the mail, while contributing less than 25% to the maintenance of the service. In South Africa, where they have government ownership of railways, they have a flat rate for mail and rates graduated according to weight and distance for the railways.

(a) For "the carriage of letters within and between the metropolitan cities *the profit is incalculable.*"—Report of Postal Commission, 1907, House Document No. 608, p. 25.

PROPOSAL TO POSTALIZE THE EXPRESS BUSINESS

But it is Congressman Lewis's proposition that the United States take over the general express business of the country that deserves scrutiny. Mr. Lewis claims to have given the subject profound thought for seven months. He says he has made railway economics here and abroad a subject of study. He begins his so-called "study," submitted to the Sub-Committee, by declaring his intention "to refrain from the express or implied abuse which so many people think justified with regard to the express companies," and shortly we find him describing the express company as "an economic parasite existing as a squatter on the postal function and like other parasites feeding at an inordinate expense to the sustaining subject."

In one passage where he speaks of the profits of the express companies being out of proportion to the investment he admits that "such profits amount to but 8.44 per cent. of the gross receipts, *i. e.*, to only 8.44% of the rates charged." And elsewhere he discusses with apparent relish, and without misgivings of a receivership, the automatic reductions of express rates by the Interstate Commerce Commission amounting to "only 10 per cent."

CLAIMS A SAVING WHERE A LOSS IS INEVITABLE

In discussing the savings incidental to the operation of the express business by the postal authorities, Mr. Lewis puts the figure at $22,888,477, or "a little more than 40% of the total operating expense of $56,273.055." This he distributes among the general accounts as follows:

Maintenance	$ 1,457,000
Traffic	652,594
Transportation	17,996,750
General expense	2,782,133
Total	$22,888,477

Observe how the exactness of the detail is calculated to give an air of verisimilitude to an otherwise unconvincing aggregate. It should be noted, however, that the word "transportation" used here does not include the service rendered by the railways, but is confined to that portion of the service performed in collecting and distributing express matter. According to the report of the Interstate Commerce Commission for 1909, the transportation account of the express companies for that year amounted to $49,273,031, of which no less than $31,339,264 was for salaries and wages and $6,621,952 for commissions—another form of compensation to employes—a total of $37,961,216. It is therefore evident that Mr. Lewis must make the most of his saving of nearly $18,000,000 out of the pay of express employes.

WOULD DOUBLE THE PAY OF EMPLOYES

But Mr. Lewis's bill proposes to take over not only all the property and contracts of existing express companies, but provides for the retention of their agents and employes, who are to be placed on the roll of postal clerks, with the same scale of pay without civil service examination.

Mr. Lewis estimates the number of express employes at 50,000, apparently having overlooked the Special Census Report of October 30, 1908, which placed their number in 1907 at 79,284, and gave their "salaries and wages" at $39,491,032, or just under $500 a year.

Now in 1910 the pay of 16,579 clerks in the railway mail service amounted to $19,289,414, or an average of $1,163 per man. If the 80,000 express recruits to the postal service were put on the pay roll at an average of only $1,000 a year, it is evident that the transportation account would be increased by at least $40,000,000 annually instead of being reduced by $17,996,750 as Mr. Lewis so optimistically estimates. And so what becomes of the $22,888,477 saving?

SLIPS UP ON EFFICIENCY OF STATE OPERATION

But Mr. Lewis is especially optimistic as to the result of postalizing the express business because of what he fondly declares to be the high efficiency of our government employes as illustrated by the work performed by American postal employes. In support of this he gives a comparative statement of the number of pieces of mail handled per employe in England, France, Germany and the United States, as follows:

COUNTRIES	Average Number of Pieces of Mail Matter Handled per Employe.				
	1890	1895	1900	1905	1908
England	22,230	28,775	28,646	31,945	31,119
France	34,530	35,700	38,309	41,958	38,241
Germany	17,287	15,638	20,552	22,160	25,901
United States	24,611	26,232	32,569	42,739	51,591

Instead of affording any test of postal efficiency or otherwise, this table merely shows the effect of restricting the weight of mailable packages in the United States. In Germany, where the efficiency of the government employe is as high as anywhere on earth, the ratio of pieces per employe is low because the employe has to handle packages up to 110 pounds. In England and France it is lower than in the United States because there the limit of mailable packages is 11 pounds and 22 pounds respectively. In the United States the ratio is high because the mailable limit is 4 pounds. If our express package business were absorbed by the post office department, the efficiency of our mail employes, as expressed in the above table, would be reduced automatically by over 10,000 pieces annually.

But the true test of efficiency is measured by what you get per dollar expended. As the pay of our government employes averages from two to three times that paid in any one of the countries named, the alleged efficiency Mr. Lewis would establish by the above table vanishes completely. It is the

testimony of all postal authorities that it takes from three to four times as long to handle a hundred pieces of third or fourth class matter as the same number of first class pieces. (*a*)

Second Assistant Post Master General Stewart says that rural mail takes three times the amount of time and labor necessary for handling of ordinary mail.

COMPARISON OF MAIL AND EXPRESS CHARGES

But Mr. Lewis's main argument for postalizing the express business rests on the theory that it would enable the government to get better rates for the railway carriage of the mails. He finds that the railways receive three-quarters (0.74) of a cent a pound for carrying express matter and 4.06 cents a pound (actually 3.67 cents) for carrying mail. In this latter calculation, however, he ignores the weight of mail equipment pouches full and empty transported, amounting in 1907 to no less than 570,495,742 pounds, which reduces the rate to 2.49 cents per pound. Besides "the average load per postal car in the country at large does not exceed 2 tons." (*b*)

FREIGHT CHARGES IN AMERICA AND EUROPE

Mr. Lewis then switches to a comparison of express and freight charges in the United States and other countries and indulges in a series of comparisons that ignore almost every difference in conditions. He states that "The average express charge per ton here is shown to be $31.20, while the average freight charge is $1.90 per ton, giving a ratio of the express charge to the freight charge of 16 (16.42) to 1."

The first figure is misleading, for it includes the express

(*a*) "From actual tests made in several large post offices it was ascertained that ordinary letters and circulars can be handled in about one-third the time required for newspapers and packages."—Second Assistant Postmaster-General Stewart's Report on "Cost of Transporting and Handling the Several Classes of Mail Matter," Nov. 1, 1909. Mr. Stewart also reported that registered pieces and money orders "required three times the amount of time and labor necessary for the handling of ordinary mail."

(b) Prof. Henry C. Adams before the Wolcott Commission. Vol II, p. 230.

charge with the transportation charge, whereas the Interstate Commerce Commission report he quotes show that the transportation charge for express matter in 1909 was only $14.36 per ton, irrespective of distance.

In stating that the average freight charge in 1909 was $1.90 per ton, Mr. Lewis ignores the Interstate Commerce Commission's finding that in that year the "average amount received for each ton of freight" was $1.07, also irrespective of distance. (*a*)

With these misleading and false premises, Mr. Lewis proceeds to construct the following comparison of express and freight charges in several countries:

RATIOS OF AVERAGE EXPRESS CHARGES TO AVERAGE FREIGHT CHARGES IN ELEVEN COUNTRIES.

COUNTRIES.	Average Express Charge per Ton.	Average Freight Charge per Ton.	Ratios of Average Express and Freight Charge.
Argentine	$6.51	$1.95	3.2 to 1
Austria	3.77	.74	5.0 to 1
Belgium	4.92	.53	9.3 to 1
Denmark	5.49	.87	6.3 to 1
France	6.88	.95	7.2 to 1
Germany	3.80	.76	5.0 to 1
Hungary	3.68	.93	3.9 to 1
Netherlands	2.43	.67	3.6 to 1
Norway	1.90	.49	3.8 to 1
Prussia	4.32	.86	5.0 to 1
Average for 10 countries	.....	.....	5.23 to 1
United States	$27.61	$1.90	14.53 to 1

a Belgium delivers parcels.

In this table it will be perceived that Mr. Lewis makes a show of reducing the express charge to a transportation basis by substituting $27.61 for $31.20, which in the face of the known fact that the transportation cost is 47.53% of the express charge, is, to say the least, disingenuous.

But the whole table is misleading because it really compares what is only a fast freight charge abroad paid for a

(a) I. C. C. Statistics of Railways, 1909, p. 60.

service by freight trains, with an express rate in the United States for a service performed with passenger train speed and equipment.

Statistics are incomplete or positively lacking to make a scientific comparison of like with like regarding express and freight charges here and abroad, but so far as they are at hand they are set forth in the following summary:

EXPRESS AND FREIGHT CHARGES IN COUNTRIES NAMED.

Country and Year.	Express Traffic.				Freight Traffic.			
	Tons Carried.	Aver. Haul Miles	Receipts per Ton.	Receipts per Ton Mile Cents	Tons Carried	Aver. Haul Miles	Receipts per Ton.	Receipts per Ton Mile Cents
Argentine (1909)..	485,081	91	$6.94	7.02	31,089,643	120	$2.15	1.77
Austria (1909).....	703,740	78	4.97	6.36	62,522,077	85	1.10	1.30
Belgium (1909)....	657,245	49	5.42	11.06	54,025,008	49	.58	1.18
Denmark (1909)...	.....	.....	.....	.....	4,800,604	53	1.15	2.17
France (1908).....	2,754,923	79	7.56	9.57	158,165,909	80	1.08	1.32
Germany (1909)...	4,195,098	65	4.17	6.36	491,024,070	61	.87	1.41
Hungary (1908).....	643,000	71	4.16	5.88	52,509,000	71	.86	1.22
Netherlands (1909)	.....	.....	.....	.....	16,245,900	51	.71	1.40
Norway (1910).....	.....	.....	.....	.....	4,538,373	39	.69	1.77
Switzerland (1909)	222,508	.....	.....	.....	16,920,338	43	1.13	2.60
United States(1909)	4,309,282	300	14.36	4.78	1,556,559,741	142	1.07	.763

There is only one thing certain about this table, and that is that it establishes, beyond gainsaying, by Mr. Lewis or any other economist, that express payments to the railways in the United States are not exorbitant when compared with the transportation charge for express or fast freight in other countries.

In no two countries in the above table is what is classed as express strictly comparable. In Germany, for instance, the express traffic, classified officially as "*eil- und expressgut*," is a freight service, whereas in France it is a passenger service included in the official reports among the "*accessoires de la grande vitesse.*" This of itself would be sufficient to explain a higher rate on the express business in France in comparison

with the German rate, whereas the French charge on freight per ton mile is less than the German.

In Austrian and Hungarian reports the express traffic is covered separately in the freight department between baggage and freight as "*Eilgutenverker.*" In Switzerland the tonnage, but not the revenue of express traffic, is separated from other freight business.

The average haul of express goods for the United States in the above table has been arbitrarily fixed at 300 miles, because Mr. Lewis gives that figure as his best judgment, whereas Second Assistant Postmaster General Stewart estimates the average haul of fourth class matter which is nearest akin to express in the mail service at 687 miles per pound. The haul of first class matter is given as 507 miles per pound. Had this, the shortest mail average, been adopted, the average transportation receipts would have figured only 2.83 cents per ton mile instead of 4.78 cents. The latter figure however is 18% below the next lowest charge in the table and practically one-half the charge in France where the service is by passenger trains as in America. In passing it may be noted that in Switzerland where considerable express matter is carried as baggage, the returns show receipts of 7,525,450 francs from carrying 257,762 tons, the same yielding 29.2 francs ,($5.63) per ton and 62.08 centimes (11.98 cents) per ton kilometer, which is equivalent to 19.20 cents per ton mile.

While the comparative cheapness of American express and freight rates is fully demonstrated in the above table, their reasonableness relatively to the value of the service and the ability of their patrons to pay is unapproached anywhere on this globe. The world over, what an average man's labor will purchase is considered the best test of whether the cost of anything, be it beefsteak, dry goods or transportation, is high, low or reasonable. Taking the rates of pay of railway employes in the several countries as the purchasing unit, it is possible to prepare the following demonstration of the relative lowness of American express and freight rates:

	Wages of Railway Employe per Day.	Miles Daily Pay will Carry One Express Ton.	Miles Daily Pay will Carry One Freight Ton.
Argentine	$1.41	40	80
Austria	.83	13	64
Belgium	.90	8	76
France	1.18	12.3	89
Germany	1.23	19.3	87
Hungary	.95	16.1	78
Switzerland	.94	.....	36
United States	2.29	47.9	300

This table puts to rout every contention of the detractors of the American transportation system that its charges, whether for express or freight carriage, are unreasonable *per se,* or unreasonable in comparison with those of other countries. The facts cannot escape the most casual reader that relatively to wages the railway charge for express matter is less than one-half European rates, while the charge for freight, measured by the same unit, is scarcely one-quarter that in the European countries where the average wage pays for the greatest freight service.

AMERICAN AND FOREIGN CONDITIONS COMPARED

It is the misfortune of the American railways that such students as Mr. Lewis never seem to realize that the transportation service in Europe has to be paid for out of the earnings of Europeans, which average only one-half or one-third those of Americans for the same class of work. In discussing passenger rates they never take into account that one cent is more than one per cent. of the average daily wage in Europe while in America two cents is less than one per cent. of the average daily wage. American visitors to Europe earn their wages or salaries on the American scale and are delighted, if not amazed, to find that the American dollar will buy more in lands where the cost of labor is lower than at home. Then they return home filled with fresh zeal to reform everything in America down to the European level.

Now among the many things we may learn from study of "how much better they do things abroad" the carrying of freight by rail can not be seriously mentioned.

As every plain American, who is not a prejudiced economist or political agitator, that visits Europe knows, we have little to learn from continental methods of railway management or service. Our roads are equipped with safety and economic appliances not thought of over there. The cost of these on a modern American 50-ton freight car would almost pay for one of the little 10-ton, four wheel freight wagons, without trains brakes or automatic couplers, in general use over there. Our railways are capitalized at less than half the cost of European railways, and yet our trunk lines are so substantially built that they sustain the weight and impact of traffic in units from two to five times heavier than could be borne by European railways without reconstruction and reinforcement, from the Ural mountains to the Zuyder Zee.

This is not the testimony of prejudiced pro-railway observers alone. When Interstate Commerce Commissioner Lane returned from the International Railway Congress at Berne, Switzerland, in 1910, he said:

"I return with much greater enthusiasm over the American railroads as agencies of transportation than I ever had before.

"The conference established beyond question, I think, the supremacy of the American railway from the standpoint of efficiency. I have seen more freight moving in a single hour at Chicago, Pittsburg and Jersey City than I saw in an entire month in Europe.

"The countries, the cities, the manufacturing centers of Europe are almost self-dependent. This is particularly true as to food supplies. Their problem largely is how to get their products into a community, and probably their source of supply is not more than forty miles from the point of consumption.

"Our problem is different. We are bringing our bacon from Kansas and Nebraska and from Texas; our eggs from

the West, our fruit from California, Georgia, Florida and Arkansas. The man in the West, 3,000 miles away, is being covered with clothes made in Massachusetts."

And all this is possible by reason of the low rates, in proportion to distance made by American railways, not only for general freight but for their own fast freight service and for carrying goods for the express companies.

PIECES, NOT TONS, THE UNIT OF EXPRESS SERVICE

Finally, I would say that no discussion of either express or parcels business can be scientifically conclusive, for, as the statistician of the Interstate Commerce Commission has said, the ultimate unit of service is the number of "pieces handled," and it is in the collection, assorting and delivery of these that the post and express business chiefly consists. The railways merely provide the transportation service, which has to be determined by facilities, speed and distance. In the case of mail, the facilities and speed have to be of the highest class—a 50-ton postal car carrying an average of 2½ tons of mail—and the distance, as shown by the postal authorities, averages 688 miles.

Anything like a flat rate for mail and express ignoring distance in a land like ours, except as it is purely arbitrary and excessive, as two cents per ounce for letters yielding an incalculable profit is manifestly impractical.

I suppose some time we will have a parcels post to absorb the surplus revenue from the letter service and impose further burdens and exactions on the railways, as the mail service has done. But when it does come, it is to be hoped that it will be in the form of an extension of the fourth class matter to the rates, specifications and limitations of the so-called International Parcels Post Union and not through the bewildering and revolutionary changes contemplated in the pending bills. And when it does come, shippers will get a taste of the futility of seeking redress from an unregulated government monopoly. The iron hand of "insolence in office" wears no glove among

the petty officers of the vaunted state railways of Germany. It is one of the incidents to government ownership that has driven so many Germans to leave their native land to make their homes in a country where railways are regulated and sometimes over regulated in the interests of the whole people.

Before adding another unprofitable department to our already unbusinesslike postal system, the entire present service should be overhauled and brought down to date. Methods that were appropriate and adequate sixty years ago when railway transportation was in its infancy, are obsolete, ineffective and costly to-day. It is not the addition of new duties to the postal service that is the need of the hour but reform in the organization, classification and mail charges. Here is where there is a great opportunity for an American Rowland Hill with the courage, practical knowledge and progressive spirit to tackle the accumulated mountain of post office traditions, to bring order out of chaos and establish some near relation between the charges and cost of the unrelated elements of a business aggregating over $200,000,000 a year. As the last Postal Commission said, "It rests largely with Congress, which has from time to time imposed new burdens upon the postal service, without seeking to determine, by precise and accurate methods, the effect of these burdens upon the general finances of the service."

As for the parcels post traffic, it must necessarily impose unremunerative burdens on the finances of the post office. In its very nature it consists in the collection, carriage and distribution of merchandise in separate packages, requiring separate handling at both ends of the service. This has always been the unprofitable division of the mail service, which does not become profitable in progressive development and expansion. On this aspect of the question the following statement taken from the report of the Postmaster General of the United Kingdom for the year ending March 31, 1911, in regard to the Parcel Post work of his department is instructive. The service was established August 1, 1883:

Year.	Number.	Gross Amount Revenues.	55 p.c. on Railway-borne Parcels Paid to Railway Companies.	Post Office Share.
1884–85.....	22,904,000	£508,247	£256,572	£251,675
1890–01.....	46,288,000	1,035,773	499,913	535,860
1895–06.....	60,527,000	1,372,577	648,825	723,752
1900–01.....	81,017,000	1,699,994	801,236	898,758
1905–06.....	101,682,000	2,138,673	996,449	1,142,224
1906–07.....	104,819,000	2,131,223	991,371	1,139,852
1907–08.....	109,470,000	2,211,095	1,018,282	1,192,813
1908–09.....	113,023,000	2,259,125	1,045,342	1,213,783
1909–10.....	118,190,000	2,371,928	1,085,932	1,285,996
1910–11.....	121,802,000	2,449,884	1,108,451	1,341,433
Per cent increase in 26 years.....	432%	382%	329%	433%

Here, it will be observed, the unit of service has increased more rapidly than the gross income from that service and practically has equaled the receipts of the post office for its share of the work. The percentage of railway borne parcels has steadily decreased, so that the share of the railways in the receipts since 1906 has increased less than 12% where the Post Office share has increased over 17%. The percentage paid by the British Post Office, it will be noted, is the same as that commonly paid the American railways by the express companies.

Where the true study of our postal authorities should be to simplify and expedite the mail service, and ultimately provide a one cent letter rate, the inevitable tendency of both propositions for parcels post and postal express must be to complicate and retard it through handling matter extraneous to the fundamental purpose of the postal service. The phenomenally low freight tariffs of American railways restrict the handling of parcels and express matter within much narrower limits than are possible in Europe.

SLASON THOMPSON.

CHICAGO, Dec. 11, 1911.

APPENDIX A.

A bill providing for the condemnation and purchase of the franchises, etc., of the express companies of the United States and the establishment of postal express.

CONDEMNATION OF EXPRESS COMPANY FRANCHISES.

Be it enacted, etc., That in order to promote the postal service and more efficiently regulate commerce between the several States, the Territories of the United States, the District of Columbia, the possessions of the United States, and foreign nations, the contracts and agreements (note 1) and arrangements of the several express companies with the several railroad companies of the United States, its Territories, and the District of Columbia relating to the carriage and transportation (and storage and care) by such railroad company of parcels, packets, and packages, and other express matter, as well as the franchises, operating equipment, cars, vehicles, horses, buildings, leases, as lessees, of buildings used in the conduct of the express business, and all other property or rights and privileges owned and used by such express companies as necessary and appropriate to such dispatch, receipt, collection, delivery, or transportation of such parcels, packets, packages, and express matter are hereby declared to be, and the same are hereby, condemned and appropriated (note 2) to and for the use of the United States of America, to be used by it for such public purposes as may be proper in its various functions. That the words "express company" as used in this act shall be construed to include any corporation, individual, partnership, association, or joint-stock association (as far as) engaged in the dispatch of parcels, packets, packages, and other express matter by railway, express, or steamship, including the receipt, collection, or delivery of the same. And the words "railroad company" shall be construed to include any transportation agency as far as used as a post route or in carrying express matter (note 3). On and after July 1, 1912, any railroad, steamship, or other transportation agency having a contract with any express company subject to this act shall transport and carry for the Post Office Department all matter transportable under said contract and shall execute and perform with respect to such Post Office Department all such duties as have been customary under such contract in relation to the express company or companies named therein, and shall permit its agents and employees to continue to discharge such services in respect thereto and upon like terms without interference on its part. And as to matter transportable under such contract the Post Office Department shall have a monopoly of the express transportation therefor.

DUTY OF PRESIDENT AND POWERS OF POSTMASTER GENERAL.

SEC. 2. It shall be the duty of the President, on the 1st day of July, 1912, to take charge and possession of all the property of such express companies condemned and appropriated in section 1 of this act, in the name of and by the authority of the United States of America (note 4), and thereupon it shall be the duty of the Postmaster General to employ said property and facilities as hitherto employed, in conjunction with the postal service, and to henceforth conduct said express service; and he shall have power—

(*a*) To devise classifications of parcels, packets, packages, and other shipments of postal express matter, and to regulate the forms and conditions for the shipment thereof.

(*b*) To fix the postal charges for collecting, receiving, transporting, by railroad or otherwise, and delivering of matter under paragraph *a*, and such charges may be entire for the whole service performed.

(*c*) And he shall base such postal charges upon the amount of service to be rendered, considering distance transported and other service elements and risk involved therein, with a purpose of making the charges wholly adequate to paying the cost of the service, including interest charges.

(*d*) To make all regulations which may be necessary for insuring payment of charges and the safe, expeditious, economical, and profitable administration of such postal express service.

(*e*) To make regulations defining the rights and duties of the employees in such service; and he shall retain, so far as necessary, those formerly employed by the express companies, who shall not be required to pass civil-service examination.

(*f*) To determine by regulation the wages payable to such employees, the sick leave or vacation periods, and the necessary qualifications of employees for service and promotion.

(*g*) To provide for a system of insurance of employees against accident, to be paid for by the department.

(*h*) To declare by rules under what circumstances, and to what extent, postal express matter may be insured against loss, and provide rates for the special insurance thereof, and rules for the indemnification of shippers.

(*i*) To make agreements with carrying railroads or other agencies of transportation, for the carriage or extension of service, of such postal express matter, subject to the appeal hereinafter provided, to the Interstate Commerce Commission.

(*j*) To establish, from time to time, and in such places as he may by rule determine, rural collection and delivery, and urban collection and delivery, for such parcels, packets, packages, and postal matter and express matter as he may determine upon, and under such regulations as to rates and conditions of carriage thereof as he may deem prudent.

(*k*) To provide as far as possible for the exemption of postal express employees from labor on the Sabbath.

(*l*) To make all other regulations necessary for the efficient and economical operation of the service, and to provide all means necessary for the safe and expeditious transportation and forwarding of money and credit to any amount, and to fix the rates therefor, and to make all regulations deemed essential thereto, and to provide means to discharge all other functions, which he may deem proper, hitherto discharged by express companies, and to make any regulations deemed essential in relation thereto.

But from any action of the Postmaster General in declaring regulations under paragraphs (*a*), (*b*), (*c*), (*d*), (*i*), and (*j*) hereof, an appeal shall lie by any party competent under the act to regulate commerce to the Interstate Commerce Commission, which shall have power to revise and amend the said regulations. The Postmaster General shall also have power to rent, lease, or purchase real estate and personal property, supplies, cars, and equipment for use by his department in the operation of such postal express. He shall have power to condemn in the name of the United States any property, real, personal, or mixed, which he may deem necessary for the efficient operation of the service, but the said Interstate Commerce Commission shall first value and file its award therefor, as hereinbefore specified.

COMPENSATION FOR RAILROAD TRANSPORTATION.

SEC. 3. During the months of August and December, 1911, and April, 1912, the weights of matter carried over the respective railroads under contracts with the express companies (during the pendency thereof) shall be carefully taken for each railroad company in respect to such contract; and the amount of money paid for the carriage thereof shall be divided by the mileage of such railway over which such matter is carried; and thereafter the Postmaster General shall, if the railroad company consent thereto, cause to be paid to such railroad company the amount per mile owing to such railroad under such contract as thus computed; and thereafter, annually, at such times as may be determined upon by the Postmaster General, such matter shall be weighed, and the railroad company shall be paid monthly for the excess weight carried by it, over the first weighing herein provided, such sums as may be agreed upon for such excess weights; but if said Postmaster General and such railroad company shall fail to agree upon a different basis of compensation for such excess weights, then the same shall be paid for according to the terms and provisions of the contract condemned in such case.

RENEWAL OF TRANSPORTATION CONTRACTS.

SEC. 4. At the expiration of any contract between an express company and a railroad, condemned by this act (or at any time before, if such railroad

company shall consent thereto), the Postmaster General may contract with such railroad company for the transportation of postal express matter; and, if deemed advantageous, upon cars provided by the department, which may be transferred without unloading onto the lines of other railroad companies, and at such rate of compensation and upon such principles of computation thereof, by car or car space mileage, or otherwise, as may be agreed upon. But an appeal shall lie, for the purpose of review, to the Interstate Commerce Commission by any party competent under the act to regulate commerce from such contract, whereupon the Interstate Commerce Commission shall have the power to revise and amend and define and declare the terms and conditions of said contract. And in case the Postmaster General and such railroad company, after the expiration of the contract with an express company, shall fail to agree upon the terms and provisions of the renewal thereof, they shall submit their respective contentions and propositions with reference thereto to the said Interstate Commerce Commission, which shall thereupon have plenary power to declare the terms and provisions which said contract shall contain. And from any determination with respect to any contract the terms and provisions of which have been declared by the said Interstate Commerce Commission under this section, an appeal shall lie to the Court of Commerce, which shall enjoy like power to revise and amend the same.

APPRAISEMENT OF EXPRESS COMPANY FRANCHISES, ETC.

SEC. 5. Immediately after the passage of this act it shall be the duty of the Interstate Commerce Commission to appraise (note 5) at their true market values the contracts, agreements, franchises, equipment, buildings, and other property of whatsoever kind, condemned and appropriated by the United States in section 1 of this act, and award to the respective express companies just compensation therefor. Each commissioner shall take oath to justly perform such duty before some judge of the courts of the United States. The said Interstate Commerce Commission shall have power and it shall be its duty to summon witnesses, with books and papers, before it for either of the parties and require such witnesses to testify, and it shall give to each party a full hearing with reference to the amount of compensation which shall be awarded to each express company under this act; and it shall be the duty of such commission, on or before the 7th day of May, 1912, to file a separate award of appraisement, giving just compensation to each express company for its property condemned under this act, and give notice of the filing of such award to the Postmaster General and to such express company. And if either party shall be dissatisfied with the amount of said award, the same may, on appeal by either party, be reviewed and revised by the Court of Commerce, sitting as a court of review, with respect thereto; and from its determination a further appeal may lie on behalf of either of the parties to the Supreme Court of the United States, to determine the amount of the just compensation to which said express company shall be entitled.

PROVISIONS FOR COMPENSATION OF EXPRESS COMPANIES.

SEC. 6. The Secretary of the Treasury is hereby authorized and directed to make payment to such express companies of the money adjudged to be due them as aforesaid out of the Treasury of the United States, and said express companies shall be entitled to payment of such final award as compensation from the Treasury of the United States, and the amounts of said award are hereby appropriated to the parties entitled thereto out of the Treasury of the United States. Any party interested in the distribution of such compensation money may petition the circuit court of the United States having jurisdiction of the subject matter, which court shall thereupon distribute the compensation directly by proper adults to the several stockholders, bondholders, partners, or individuals entitled thereto; and in such cases the Treasury of the United States shall pay out such compensation as such court may direct; and the parties to whom the same may be paid shall assign their rights unto the United States with reference thereto, whereupon the United States shall enjoy the same rights and the same power under the same as the assignor enjoyed prior to such condemnation.

ISSUE OF BONDS AND REDEMPTION OF THE SAME.

SEC. 7. The Secretary of the Treasury shall cause to be issued in proper form the bonds of the United States of America in a sum equal to the aggregate valuation of such express companies, as determined by the awards hereinbefore provided for. Said bonds shall be payable within 40 years from the date of issue and bear interest at the rate of — per cent., and such Treasurer shall maintain a fund for the payment of such interest and the redemption of the bonds issued under this act; and for such purpose the Postmaster General shall pay out of the receipts of his department, under the Secretary of the Treasury, a sum equal to such interest and a redemption sum equal to 1 per cent. of the aggregate awards to such express companies each year, which sum shall be payable quarterly. The said fund shall be invested from time to time in such securities as the Secretary of the Treasury may deem secure and profitable. The sum of $250,000, or so much thereof as may be necessary, is hereby appropriated out of the Treasury of the United States to the Postmaster General and the Department of Justice, to be used, as far as necessary, upon their order, in defraying the expense incident to acquiring such property.

NOTES.

Note 1, section 1: "Contracts are property, and as such may be condemned and taken under the law of eminent domain." (10 Am. and Eng. Ency., p. 1089; Dodge *v.* Woolsey, 18 Howard (U. S.), 379; Nichols on Eminent Domain, sec. 315.)

Note 2, section 1: The United States possesses the power of eminent domain, which it may exercise to promote any of its constitutional powers. (10 Am. and Eng. Ency., p. 1051; Kohl *v.* U. S., 91 U. S., 367: 15 Cyc., pp. 564–565.) The United States may condemn interstate railways. (Nichols on Eminent Domain, sec. 23; Wilson *v.* Shaw, 204 U. S., 24; Monongahela case, 148 U. S., 341–342.)

Note 3, section 1: This power of condemnation may be exercised directly by the legislative branch. The only limitation is that just compensation shall be provided for. (10 Am. and Eng. Ency., p. 1068; Secombe *v.* Milwaukee 23, Wall., 108.)

Note 4, section 2: In those cases where the condemnor is the sovereign the compensation need not be tendered or ascertained in advance of the taking. It is only necessary that adequate provision be made for compensation. (10 Am. and Eng. Ency., p. 1142, note 2; Nichols on Eminent Domain, sec. 263; Sweet *v.* Rechel, 159 U. S., 380; Williams *v.* Parker, 188 U. S., 491.)

Note 5, section 5: The owner of property condemned by the United States is not entitled to a jury, but commissioners may determine the amount of compensation, etc. (Nichols on Eminent Domain, secs. 302, 306; U. S. *v.* Jones, 109 U. S., 513, 569; 169 U. S., 567; 11 Peters, 420, 571; 148 U. S., 312, 327.)

MSH 20568

END OF
TITLE